

1960

A NEW ERA

The summer of 1960 arguably ushered in the most dramatic change in both the culture and mission of the Irvine Company since the ranch began to be assembled in 1864. While it's rich and productive agricultural heritage would continue for many years, indeed for a while increased in volume and variety of crops, the proposed land gift to the University and commitment to Pereira's new town vision transformed forever the direction and orientation of the company.

For the past three years the company had been embroiled in an internal struggle of direction and leadership. For the first 57 years of the 20th century both the direction and leadership of The Irvine Company were without either challenge or conflict. It's mission year in and year out was to enhance the ability of the great Irvine Ranch to produce an ever-growing variety of fruit and vegetable crops and raise cattle. Its family leadership was never challenged. J.I. ruled the company until his death in 1947. His son Myford headed the company until his death in 1958.

While Los Angeles had been experiencing significant urban growth since the Southern Pacific Rail Road had extended their tracks into the heart of the city in 19__ until the end of WW-II in 1945 little of that growth had spilled into its southern neighbor, Orange County. And what growth Orange County had experienced was contained in its' northern cities putting little pressure or temptation for the Company to open up its land to real estate interest. But with the opening of Disneyland in 1956 and completion of the Santa Ana freeway (I-5) through the ranch in 195_ references to the county's Valencia orange production was soon replaced by references to its' population growth. Soon the dominant newspaper in Orange County, the Santa Ana Register, began running editorials employing the Company to open up its land to development. Adding to that pressure, by 1960 the county had a population of 600,000 and was growing at a rate of 100,000 persons per year making it the fastest growing major county in the United States.

For the management of the Company by the late 1950's it no longer was a question of whether to open up the ranch but when and how. The "when" was the easiest question to answer. The hoard of real estate developers knocking on the Company's door offering prices for a piece of the ranch that far exceeded its' worth as even prime orchard land provided more than enough evidence that the time was "now." In deed, Orange County's property tax appraiser was beginning to place values on parcels of the ranch that when translated into taxes began to exceed any reasonable profits the Company to derive from its farming. What management was struggling with, therefore, wasn't "when" but the "how."

The ranch occupied nearly one fifth of the entire County, three times larger than the entire city of San Francisco. Was it to be sliced up like a piece of salami and sold piece by piece to the hoards of builders and sub-dividers who for the past five years had been seeking to get their mitts on what ever piece the Company would sell. But before it could even be sliced up and sold the Company needed to prepare a master land-use plan and secure approval from the county for whatever portion it might sell. But by 1958 any time table the Company might have had to begin that planning process was put on hold after the University of California announced that the Ranch was one of several that it was considering for the location of a new campus. For the next two years the preparation of a plan was put on hold while the Company, among others, negotiated with the University and awaited their decision as to whether the Ranch would be their new home and if so exactly where.

Finally, on June 21st, 1960 the years of speculation and rumors about the Company's future direction came to a close with the announcement of the Company's 1000 acre offer to the University and their tentative acceptance. The Ranch was not for sale to the highest bidder.

The Company's commitment to build a new town within the heart of this great ranch established both the direction and future mission of the Company. Master planning the ranch was the obvious first step. Occupying nearly one-fifth of the County and surrounded by six cities there was more than curiosity about what form that plan would take and what role the Company would play in its' execution. Ever since the death of Myford Irvine there had been speculation on who would now lead the Company. Would it be a member of the Irvine family, an outsider, just who? The vision of a new town while exciting was just that a vision. Transforming that vision into form and substance was not a skill that existed within the current management of the Company. While it had dabbled with real estate developments on its coastal fringes the Company's Board, The Irvine Foundation and family recognized the complexities and risks inherent in such an ambitious undertaking. First on their agenda was to find the right person to lead the Company in its' new role as new town developer.

For several months prior to the shareholders June approval of the University gift a management headhunter had been trolling for engineering and planning professionals that might join the Company. But the most important decision that needed to be made was selection of a President. By mid-summer a huge step had been made in finding such a person acceptable to all factions. Both Foundation and family shareholders had agreed to offer the job to Charles Thomas, former Secretary of the Navy, former president of TWA and other leadership positions in both public and corporate life.

The Irvine Ranch was a long way from the marble halls of the Pentagon in Washington, D.C., where he had served as Secretary of the Navy under President Dwight Eisenhower. And a long way from the paneled executive offices of Trans World Airlines in New York City, from which he had just resigned the presidency.

Only a few months earlier, in April, 1960, during a trip to Pebble Beach to celebrate their fortieth wedding anniversary, he and his wife entered the Del Monte lodge's dining room for lunch and saw a familiar figure waving to him and recognized a friend from World War II days, Admiral Loyall McLaren. Over lunch McLaren shared with Thomas the desires of the Irvine Company to attract the University of California to build a campus on the ranch and the leadership needs of the company since the death of Myford Irvine. Before they had finished lunch McLaren asked Thomas if he would be interested in becoming its new president.

Thomas knew the Irvine ranch. He had flown over the land as a young naval pilot during World War I and in recent years driven through it on his way to and from San Diego. He had hunted ducks on the ranch and had met James Irvine, Jr. By coincidence, he had lived next door to J.I.'s daughter, Athalie, and he had watched J.I.'s granddaughter, Joan grow-up. McLaren's inquire as to Thomas's interest in becoming the Company's president drew a cautious but positive response. The challenge of building a completely new planned city in the heart of Orange County clearly intrigued Thomas but he also knew of some of the internal struggles between Joan and the James Irvine Foundation. Thomas's response was to express interest but subject to meeting with Joan and her mother, other members of the Irvine family and McLaren's fellow foundation directors. Thomas's made it clear that his decision would depend upon support from all factions of the company.

Over the next several months Thomas met with different members of the board and Irvine family securing their pledge of support and on Sept. 10, 1960 he was unanimously elected president. Upon being elected President he immediately began the process of moving the old company into the new era.

As the first non-family president of the Company Thomas had been given a five-year contract with the charge to take this historically private and fiscally conservative agricultural company into the highly public and fiscally risky world of real estate development. For nearly a century the Irvine management had gone about their business year in and year out without need to seek permission from anyone except the Company's own board of directors. Now, with the commitment to build a town

where cattle still roamed and orange trees filled the air with their sweet fragrance, the company's cherished independence and culture of privacy was about to be swept away.

In retrospect Charles Thomas was the ideal man to take on that challenge. He came as a seasoned executive to a company that had suffered through years of contentious leadership. He brought immediate political experience and stature to a company that because of the nature of its agricultural business spent little time caring about what "outsiders" thought. Raising cattle and growing oranges required little public oversight. Suddenly, everything the Company needed to do would come under extensive scrutiny of agencies at virtually all levels of government. Thomas was an experienced executive with extensive experience working within the limitations of a regulatory system. The fact he had little direct real estate development experience was of no concern to the Board and many public officials probably were pleased he didn't come with the built-in mindset of a subdivision home builder eager to carve up the ranch in the way much of Southern California had been during the boom years since the succession of World War II. Building a town and community requires a different mindset. Pereira's vision was what Thomas and his new management held out as their guidepost and homebuilders were soon to be asked how they could conform their products to it rather than the other way around. At the same time Thomas' extensive experience in the private sector prepared him to deal with the challenges of the market place and the dangers and disciplines of a business as capital intensive and risky as real estate development.

In 1960 and for many years to come, The Irvine Company could best be described as "land rich" and "money poor." Thomas was conscious of that fact and all ideas however trendy or meritorious had to go through a filter of fiscal prudence. As similar efforts of town building in the 60's were soon to prove, the extraordinary challenge of first planning and then seeking governmental approval only to be followed by the extraordinary cost of the initial infrastructure sunk most other new town programs before they could be even launched. A decade later the Federal Government launched a program, Title VII, funding, lending and encouraging new town development. Of the thirteen sponsored by the government twelve failed within two years of their funding. Failing under the avalanche of planning and infrastructure cost. Although not unaware of the specific risk inherent in Pereira's vision Thomas's years of experience in other high risk private enterprises engaged in a field with high public aspirations had prepared him for what the Company soon would face. Now Pereira's broad visions needed to be transformed into a marketable, affordable and yet publicly acceptable reality.

But before a blade could be taken to the ground the time consuming engineering and planning work needed to be started. The proposed university site lay in the heart of the ranch having no roads sewers, electrical power nor water. The Company had promised to provide all necessary infrastructures to its' boundaries by Sept., 1965, the date the University had announced that it intended to accept its inaugural freshmen class. And this infrastructure work needed to be coordinated with planning for the new town.

For the university that five-year target was daunting but manageable for all their work was internally confined to their 1000-acre campus site. They had an entire internal staff of engineers and architects experienced in planning and building campuses. Furthermore, as an independent state institution the university, in contrast to the company, didn't require local governmental approvals with its' endless and time-consuming public hearings. So from day one the university could begin the demanding but manageable task of site layouts, designs, engineering and architecture of their new campus. Also, they had three existing campuses and years of experience in campus design and development to guide them.

In contrast Thomas had inherited an organization almost completely devoid of anyone experienced in large-scale land and real estate development let alone new town development. The

company had a small engineering department consisting of five or six employees. William (Bill) Mason had been hired as vice president of engineering just six months earlier. And the new company vice president of planning whom had been hired just six months earlier had just been given his walking papers. Whereas, the university could immediately get down to the details of engineering and design the company must first prepare the voluminous entitlement documents and proceed through numerous public hearings before detailed engineering and planning drawings could be prepared and business transactions with developers entered into. And before much of that could be started decisions needed to be made as to whether to join one of the small existing water and sewer districts or form a new one. Fortunately no one in the company had enough experience to question the schedule and the public euphoria over securing the new campus was so overwhelming there was never any doubt we would open town and campus in the summer of 1965.

But the reality was that in the summer of 1960 all the university and company had was Pereira's 41-page "Campus and Community Report." Now what was needed was to transform his vision into general and specific plans to be approved by the County of Orange before a blade of dirt could be moved, roads, water and utility lines built. The halls of the company were soon to be dominated by engineers, architects, planners and real estate operatives whose only mission was to transform Pereira's broad principles of a futuristic new town into a real life city. Whereas as inspiring as was his vision what was needed now was to transform it into living, breathing places.

Attracted by the promise of Pereira's vision and the challenge it offered I arrived from northern California on the day after Labor Day in the late summer of 1960. Within 24 hours of my arrival my images of spending the rest of my career planning and building a town on a piece of choice property three times the size of San Francisco was shattered. Stan Ott, the friend who had induced me to join him at the Company informed me he was leaving. That day Stan had been asked for his resignation.

Only six months earlier Stan had been recruited by the Company's headhunter and became the Vice President of Planning. I first met Stan in 1953 when as director of planning for the city of Stockton he had hired me to prepare a civic center plan for the city. Seven years later, in March of 1960, I was working in San Francisco and had lost track of Stan. However, on a chance meeting Stan told me of his new job with The Irvine Company and said he had been attempting to locate me. He asked if I would be interested in becoming his assistant at the Company. Over the next three months I read Pereira University Community report. Did some research on the Company and after considerable soul searching convinced my wife to leave the home we had just bought in Sunnyvale and together with our two year old son and four year old daughter joined Stan on what appeared to me as the opportunity of a life time.

So there I was on the second day of my new career and the person who had hired me had just been fired. Furthermore, other than Stan I didn't know a soul at the Company. My first question was: What now? Stan only told me that the Company's personal director and management consultant wanted to meet with me as soon as Stan had given me the bad news.

Their first words were, "I guess me owe you an explanation" and proceeded to tell me their reasons for asking Stan to leave. Unfortunately Stan had been accepted neither internally nor externally and they had decided to make a change before the new president arrived. They then informed me they were impressed by the fact my entire experience had been in the private sector and encouraged me to stay. In fairness to Stan Ott he came to a company that historically had little contact with public nor private planning firms and being a public planner he started with two strikes against him. Fair or not I was faced with the reality that the man who had talked me into joining the Company was leaving and I needed to make a decision as to whether to stay or not.

That night I called my wife and discussed the turn of events. The firm I had left was anxious for me to return but the prospect of participating in a project of the scale and scope outlined in Pereira's report rarely is offered to some one in my profession and with that we both decided it was worth a try.

It has been over forty-four years since that summer. During that evolutionary period the company has had three distinct ownerships and managements each of whom has adhered to the principles and vision of that original plan of 1960. It is the role of that first critical period, 1960 – 1977, that this piece will primarily concentrate on since that is where the basic form of the new town and surrounding new communities were established. That is not to infer that the contributions of the current ownership of Donald Bren and his management are less important. From the moment that Donald Bren took control of the company in 1983 he has embraced and significantly enhanced the new town and planning principles that guided all of us from the day we came aboard in 1960.

The University of California, Irvine has emerged from its sparkling new and promises of things to come era to that of a nationally known and respected educational and research institution. The city of Irvine now has over 150,000 residents and jobs and yet enjoys more bike trails and open space than any other city in the region. Now recognized around the world for the quality of its' planning, architectural and community designs I am particularly proud of the Company's dual distinctions of being recognized for both its business acumen and the quality of its' development and commitment to planning.

Yet as satisfying as are all those achievements my most vivid memories are of that summer of 1960. Then all we had was a blank canvas and a 41-page report full of elegant tomes of what could be. Of a new town and university emerging together on a patch of land that for over 100 years had been home to first cattle, then sheep and then again cattle. Pereira had no idea how to transform his vision into the reality that his creative mind envisioned. That was the company's job. But first they needed to bring aboard new leadership and management for it was still essentially a cattle and farming company. As I reflect back upon the inexperienced but dedicated small group of individuals that produced the accomplishments we are now so proud of underscores for me the importance of a clear vision and mission as the guiding force in any endeavor, particularly one as complex as town and community building.

The summer of 1960 was transition time for more than The Irvine Company. The worldwide economic depression of the 30's followed by WW-II had produced a pent-up demand for housing. Liberal FHA and GI home financing in the US and rebuilding the war's devastation in the Soviet Union, Europe and Great Britain spurred a frenzy of building unprecedented in the history of the world.

In this country our response to that pent-up demand occurred where it was the easiest, fastest and least expensive to be built namely on the open lands outside our historic cities. Although, the modern suburban movement may have begun 150 years ago outside London the massive scale of the post WW-II suburban movement had no precedent.

By 1960, 15 years after the conclusion of WW-II, architects, planners and more importantly, the public was beginning to question the endless commercial strip malls and monotonous residential subdivisions that by then dominated the suburban landscape. The public wasn't, however, prepared to move back to the urban congestion of our core cities. They liked their suburban life styles. Our challenge was to give both physical and political form to that suburban life style not abandon it.

What we realized was that challenge needed to encompass business discipline and planning, marketing, planning, etc. In the following I will attempt to take you through both the process of discovery and implementation of all those challenges. Etc.

Put in subsequent chapters.

Fortunately we had a living example of both form and diversity in the local islands within Newport harbor, the best example of which was Balboa Island. Balboa Island had first been developed as a second home community during the 1930's. By 1960 Balboa Island was built out and shortly the small cottages were slowly being replaced with two-story permanent homes. The island's diversity of housing types, small commercial center and the fact its island location with singular entryway provided it with an unmistakably "sense of place" within the larger environment of Newport Beach provided me with a real live popular example of what we were seeking to build. Our proposed "villages," as we began to call them, would have a diversity of housing types, its own commercial center, schools, parks, churches, etc. with the village area defined by major roads, landscape barriers and/or natural canyons so as to give the entire village the same "sense of place" that Balboa Island enjoyed. As that idea grew and expanded it carried over into our regional commercial and business centers producing a city of villages much as Newport Beach had long been admired for with its islands, and districts such as Bayshores, Corona del Mar and Balboa Peninsular.

Unfortunately, the public planning ordinances through which this vision needed to be filtered were geared to deal with the very molasses like suburban sprawl and strip-malls we wanted to replace. Mixed use communities, zero lot lines, cluster housing and community versus subdivision plans is what we ultimately proposed packaged within clearly definable sub-communities. What we soon learned was that new county and city planning ordinances need to be invented and approved by an often-skeptical public body.

While much of the early years were devoted to converting Pereira's vision into concrete plans we soon felt the pressure to prove his vision and our plans were marketable. Would the buying public have the same enthusiasm for our plans that we had. Would our greenbelts, parks, cluster housing and non-subdivision like communities drive the cost beyond the public's willingness to pay? That concern was uppermost in our minds and caused us to continuously balance design and planning ideas against potential cost.

As it turned out the planning was the easier part of the challenge. The Company was not a public entity proposing to build a public works project with government funds. It was a private company dependent upon the ability to produce a product that the public wanted and for a price that was greater than its cost. Fortunately it had survived 100 years of agricultural economic down turns, droughts and changing markets by balancing ideas against cost. The open question was could it do the same in a field for which it not only had little experience while at the same time it was challenging the only development pattern that despite the criticism of it had consistently proved to be economically viable and profitable. Early in 1963 we were to find out with the opening of our first mixed-use residential village, Eastbluff.